

Message Text

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APPROVED BY NEA/ARP:FMDICKMAN

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PM/MAS-COL FARNHAM(SUBS)

DOD/DSAA - VADM PEET

NEA/RA COL MUNDY

NEA/ARP - MR WRAMPELMEIER

CNO ADM. ZUMWALT

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TAGS:MASS, SA

SUBJ:SAUDI NAVAL EXPANSION PROGRAM (SNEP)

REF:(A)JIDDA 3533

SUMMARY: DEPARTMENTS OF STATE AND DEFENSE CONCUR IN POSITION YOU INTEND TO PRESENT IN AUG 23 MEETING WITH MODA TO DISABUSE PRINCE SULTAN OF NOTION THERE SOME HIDDEN POLITICAL ELEMENT OBSTRUCTING SAUDI-US FRIENDSHIP. DETAILED SNEP REVIEW IS CURRENTLY UNDERWAY AND NAVY TEAM TO ARRIVE IN-COUNTRY PREPARED TO PRESENT ALTERNATIVE PROPOSALS DURING AUG 28 OR 29 MEETING WITH SULTAN. IN INTERIM, YOU MAY EMPHASIZE THAT MAXIMUM EFFORT BEING EXERTED AT ALL SECRET

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LEVELS WITHIN DOD TO ASSEMBLE BEST POSSIBLE TOTAL SHIP

ACQUISITION PACKAGE; STRESS FACT THAT BUILDING A NAVY IS AN EXPENSIVE AND FORMIDABLE UNDERTAKING; AND RE-APPRISE SULTAN THAT \$596ESTIMATE WAS SUBMITTED FOR BUDGETARY PURPOSES IN RESPONSE TO SAUDI NOVEMBER 1972 REQUEST, AND REPRESENTED BEST INFORMATION AVAILABLE AT TIME OF SUBMISSION. EMPHASIZE THE FACT THAT THE EQUIPMENT INCORPORATED IN MARCH ESTIMATE WERE TRIED AND PROVEN SYSTEMS WHICH ENJOY SUCCESSFULLY DEMONSTRATED LEVEL OF RELIABILITY, MAINTAINABILITY AND CAPABILITY. AN EXPLANATION IS PROVIDED BELOW TO SHOW HOW MARCH ESTIMATE ESCALATED TO THE JUNE LEVEL, AND THE RATIONALE AS TO WHY THE ADVANCED WEAPON SUITS WERE NOT INCLUDED IN THE MARCH SUBMISSION.

1. CONCUR WITH POSITION YOU PROPOSE TO TAKE DURING INTENDED AUGUST 23 MEETING WITH MODA PRINCE SULTAN, AS OUTLINED IN REFTEL (A). NAVY REPS WILL ARRIVE IN-COUNTRY PREPARED TO PRESENT ALTERNATIVE PROPOSALS DURING PROPOSED MEETING WITH SULTAN AUG. 28 OR 29.

2. BELIEVE FOLLOWING POINTS SHOULD BE STRESSED IN YOUR INTENDED AUG. 23 MEETING WITH SULTAN. A. YOU SHOULD EMPHASIZE (1) THAT MAXIMUM EFFORT HAS BEEN AND CONTINUES TO BE EXERTED AT ALL LEVELS WITHIN DEPT OF DEFENSE TO ASSEMBLE BEST TOTAL SHIP ACQUISITION PACKAGE, FROM STANDPOINT OF OVERALL MISSION RESPONSIVENESS, MODERN EQUIPMENT AND COST EFFECTIVENESS; (2) THAT ADMITTEDLY ACQUISITION OF A MODERN, OPERATIONALLY EFFECTIVE, AND FIRST-CLASS INVENTORY OF NAVAL SHIPS IS AN EXPENSIVE AND FORMIDABLE UNDERTAKING, AND IT MUST BE RECOGNIZED THAT PROCESSES ENTAILED IN DEVELOPING PLANS TO REACH END GOAL ARE NOT SIMPLE, FINANCIALLY MODEST, OR READILY ATTAINABLE, BUT REQUIRE A CONSIDERABLE EXPENDITURE OF PROFESSIONAL AND TECHNICAL EFFORT; (3) THAT MARCH 73 BRIEFING WHICH INDICATED A \$596M ESTIMATE AND WAS SUBMITTED FOR BUDGETARY PURPOSES IT SPOKE TO SHIP-ASSOCIATED ARMAMENT SYSTEM REPRESENTATIVE OF CURRENTLY EMPLOYED EQUIPMENT WHICH HAS BEEN AND IS BEING EFFECTIVELY EMPLOYED BY SHIPS OF THE US NAVY, AND WHICH HAS EVIDENCED SUCCESSFULLY A DEMONSTRATED LEVEL OF RELIABILITY, MAINTAINABILITY, AND CAPABILITY.

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B. SULTAN SHOULD ALSO BE APPRISED OF THE FACT THAT THE JUNE 73 BASELINE OPTION INCLUDED SAME TRIED AND PROVEN WEAPONS SYSTEMS AS THE MARCH 73 ESTIMATE.

3. IN YOUR DISCUSSIONS WITH SULTAN RELATING TO THE COST ESCALATION FROM THE MARCH 1973 ESTIMATES TO THE JUNE 1973 OPTIONS, WHICH INCLUDE THE ADVANCED WEAPONS SUITS ESTIMATED AT 841.5M DOLS, FOLLOWING AUDIT TRAIL CAN BE

USED TO SUPPORT YOUR EXPLANATION:

A. MARCH 73 ESTIMATE OF 596.0M DOLS WAS PRESENTED TO TURKI AS BUDGET ESTIMATE DEVELOPED PRIOR COMPLETION PRICE AND AVAILABILITY INFO PROVIDED IN RESPONSE TO NOVEMBER 1972 SAUDI REQUEST FOR A SAUDI BUDGET INPUT AND PROVIDED WITH GREAT RELUCTANCE STRESSING THESE WERE PRELIMINARY FIGURES.

B. FOLLOWING INCREMENTS WHEN ADDED TO MARCH ESTIMATES RESULT IN 841.5 MILLION DOLS PROGRAM PRESENTED IN JUNE 1973:

(1) ADVANCED WEAPONS SYSTEMS BECAME AVAILABLE FOR RELEASE JUST PRIOR TO JUNE PRESENTATION (76MM-APRIL 73, MK-02 AND HARPOON JUNE 73). CDR RSNF BRIEFED ON ADV WPN SYS GENERALLY, AND 76MM IN PARTICULAR APR 73. THE MODERN WEAPONS SUIT WAS DESCRIBED GENERALLY TO SAJA BY PROGRAM COORDINATOR IN APRIL. HOWEVER, AS SYSTEM WAS NOT YET RELEASABLE NOR WERE PRICING DETAILS AVAILABLE, IT WAS NOT POSSIBLE TO DISCUSS IT IN DETAIL OR TO MAKE POSITIVE RECOMMENDATIONS AT THAT TIME. 132.8

(2) MISSILIZING TWO ADDITIONAL PG'S AND 4 PC'S 14.0
AT SAUDI REQUEST.

(3) 8 PG HULL AND MACHINERY ARRANGEMENT CHANGE 20.2
(LENGTHENING PG HULL 7 FEET AND CHANGING FROM 2 ENGINES TO 4 ENGINES IN TWO ADDITIONAL PG'S WHICH ARE TO BE MISSILIZED AT SAUDI REQUEST AND REFINEMENT OF COSTS FOR THE 8 PG PROGRAM)

(4) US OMITTED CONTRACT DESIGN COST 15.0
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(5) US ARITHMETIC EFFOR IN MARCH 73 ESTIMATE 9.0

(6) US REFINEMENT OF OTHER SHIPS ESTIMATES AND 16.0
UPGRADING OF ELECTRONICS SUITS

(7) SHORE FACILITIES (REFINEMENT OF ESTIMATES 15.0
AND ACCOMMODATION OF SAUDI ADD-ON'S)

(8) SHORE COMMUNICATIONS CHANGE TO 10KW 4.2
TRANSMITTER AT SAUDI REQUEST AND REFINEMENT OF ESTIMATE

(9) COSMAL/TARSL (COORDINATED SHORE BASE 9.5
MATERIAL ALLOWANCE LIST/TENDER AND REPAIR

SHIPLOAD LIST) INCREASE TO SUPPORT THE ADVANCED
WEAPONS AND ELECTRONICS

(10) NAVMAT PROJECT MANAGEMENT REQUIRED FOR 1.2
SHIP ACQUISITION ON TOTAL PROGRAM BASIS
ASSURING COMMONALITY AND STANDARDIZATION (FIRST
YEAR COST ONLY)

(11) SHORE TEST SITE FOR MAYBACK ENGINES TO 2.6
DEVELOP TECHNICAL AND LOGISTIC DATA REQUIRED FOR
US INSTALLATION AND MAINTENANCE SUPPORT

(12) INCREASE IN MISSILES ASHORE TO SUPPORT 6.0
ADDITIONAL 2 PGG'S AND 4 PCG'S REQUESTED BY
SAUDIS.

4. RECOGNIZING THAT THE BASELINE SYSTEMS INCORPORATED
INTO THE MARCH 73 ESTIMATE AND JUNE 73 OPTIONS CONSTITUTED
USN SERVICE-APPROVED, IN-USE, AND RELIABLE EQUIPMENT,
ADVANCED WEAPON SYSTEM WAS ADDITIONALLY OFFERED TO
ACCOMMODATE THE SAUDI DESIRE FOR BEST EQUIPMENT. LCDR
SAJA WAS BRIEFED ON USN INTENTIONS AND PROGRESS EVERY
STEP OF THE WAY, AND EXPRESSED REPEATEDLY THIS SHOULD BE
A FORWARD LOOKING NAVY FOR THE 1980'S. NEGATIVE RESPONSES
WERE NOT RECEIVED FROM SAJA.

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5. FYI. NAVY CONSIDERING SEVERAL ALTERNATIVE PROGRAMS
RANGING FROM ABOUT 595 MILLION DOLS TO ABOUT 650 MILLION
DOLS WHICH WOULD ENTAIL DIFFERENT SHIP AND WEAPONS MIXES.
A PHASED APPROACH TO 840 MILLION DOLS PROGRAM IS ALSO
BEING DEVELOPED AS AN ALTERNATIVE. END FYI.

6. WOULD APPRECIATE YOUR FURTHER ASSESSMENT OF SITUATION
AFTER YOUR MEETING WITH SULTAN AND COMMENTS YOU MAY HAVE
WHICH WILL ASSIST IN STRUCTURING ALTERNATIVE PROGRAMS.
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